

## STAFF REPORT TO THE COMMISSION

July 24, 2009

**SUBJECT:** Assessment of Commonwealth Edison Company ("ComEd") and MidAmerican Energy Company ("MEC") Reliability

### **SUMMARY:**

This report requests the Commission either accept or modify the Staff assessment reports of ComEd's and MEC's 2007 reliability reports and reliability performance and file those reports with the Chief Clerk as required by 83 Ill. Adm. Code 411.140(a). Attached are public (redacted) and confidential (non-redacted) versions of Staff's assessment of ComEd along with Staff's assessment of MEC.

Staff sent its assessment of ComEd's 2007 reliability report and reliability performance to the Commission prior to the Commission's June 3, 2009, Public Utility Electric Policy meeting to provide the Commission with Staff's view on ComEd's preventive & corrective maintenance programs. Staff did not request Commission's approval of that report at that time.

The attached redacted version of the Staff's assessment reflects material that ComEd, with OGC's concurrence, determined to be confidential. The redactions are associated with ComEd's self-reporting on July 18, 2008, to *ReliabilityFirst* Corporation, its Regional Reliability Entity, that "...it failed to maintain vegetation clearance on a section of a transmission line ..." <sup>1</sup> There is no redacted version of the MEC report.

In 2007, ComEd's overall reliability was the worst since 2002 and its System Average Interruption Frequency Index (SAIFI) was the worst (highest value) since 1998. ComEd stated that localized intense storms reduced the reliability in 2007. Staff noted eight specific concerns in the Executive Summary of its assessment report of ComEd's 2007 reliability performance. Seven of the eight concerns (one is redacted) are listed below in the summary of the ComEd findings.

In 2007, MEC's customers had the worst overall reliability of the six reporting utilities. MEC's reported 2007 reliability indices showed that its customers experienced more interruptions than any other utility. MEC customers also experienced the next to longest average outage length of interruptions, and only AmerenIP customers experienced longer interruptions. MEC stated that the poor reliability in 2007 was due to several severe storms. Staff made five recommendations as part of its assessment of MEC's reliability performance;

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<sup>1</sup> Exelon's SEC 10Q filing dated July 23, 2008.

those recommendations are summarized below and are part of the attached Staff's assessment of the 2007 reliability report and reliability performance of MEC.

### **BACKGROUND:**

83 Ill. Adm. Code 411 defines electric reliability requirements for Illinois electric utilities. Section 411.140(a) states "Beginning in the year 1999 and at least every three years thereafter, the Commission shall assess the annual report of each jurisdictional entity and evaluate its reliability performance." This Section also defines key elements of the evaluation, stating, "The Commission evaluation shall:

- A) Assess the jurisdictional entity's historical performance relative to established reliability targets.
- B) Identify trends in the jurisdictional entity's reliability performance.
- C) Evaluate the jurisdictional entity's plan to maintain or improve reliability.
- D) Include specific identification, assessment, and recommendations pertaining to any potential reliability problems and risks that the Commission has identified as a result of its evaluation.
- E) Include a review of the jurisdictional entity's implementation of its plan for the previous reporting period."

On or about June 1, 2008, all electric utilities filed their annual reliability reports for calendar year 2007 pursuant to Part 411.

To comply with Part 411, staff engineers reviewed the utilities reliability reports for compliance with Part 411 and assessed the report and reliability performance according to the criteria listed above and in Section 411.140. Staff also sent data requests to ComEd and ComEd seeking additional information.

### **ComEd Findings:**

In the Executive Summary of the Staff Assessment Report staff lists eight concerns that this assessment revealed. The seven concerns listed in the public edition of the Staff Assessment Report are:

- Residential customer satisfaction is down.
- Customer complaints are up.
- Customers experiencing large number of interruptions are up.
- Interruptions are at their highest since 1998.

- System Average Interruption Frequency Index (SAIFI) is at its highest since 1998 and is the worst of the four largest electric utilities in Illinois.
- Total ComEd employees and contractors have declined by 15 percent since 1999.
- Since 1997, ComEd's electric delivery function has had no management continuity and has seen nine different managers who have held the position for an average of 1.24 years each.

### **MEC Findings:**

Staff made five recommendations in its assessment of MEC's 2007 reliability report and performance. Of those recommendations, three are crucial to improving the company's reliability and performance:

- MEC should perform more frequent and thorough inspections of its distribution facilities more often than every ten years, which is the current practice.
- MEC should streamline its process to allow corrective action to eliminate threats to reliable service soon after those threats are identified. And, MEC should perform routine maintenance tasks right away.
- MEC should continue its effort to install animal protection on distribution equipment.

The remaining two recommendations are:

- MEC should identify and address the seemingly wide-spread problem of vines growing up its distribution poles and guy wires making the poles unclimbable and screening some pole-mounted equipment from view.
- MEC should periodically remind its personnel to look for NESC violations and provide them with an easy method to submit locations that they observe where NESC violations exist. Staff identified two locations during its 2008 distribution circuit inspections where MEC's conductors had inadequate ground clearance based upon NESC rules.

**PROPOSAL:**

Staff asks the Commission to accept or modify the attached Staff Reliability Assessment Reports of Commonwealth Edison Company and MidAmerican Energy Company. Upon the Commission's approval, the reports will be filed with the Chief Clerk and posted to the Commission's website.



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